

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation of Pacific Gas and Electric Company (U 39 M) to (1) Issue, Sell and Deliver Common Stock and One or More Series of Its First and Refunding Mortgage Bonds, Debentures, Subordinated Deferrable Interest Debentures, Promissory Notes and/or Other Evidences of Indebtedness in Connection with A Confirmed Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, the Total Aggregate Principal Amount of Such Issuances and Guarantees Not to Exceed \$9.5 Billion; (2) Enter into One or More Interest Rate Caps, Collars and Swaps; (3) an Exemption from the Competitive Bidding Rule.

Investigation 02-07-015
(Filed July 17, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING
SHORTENING TIME TO COMMENT AND OTHER PROCEDURAL
RULINGS ON THE OCTOBER 28, 2003 PETITION FOR MODIFICATION
OF DECISIONS 02-11-030 AND 03-09-020 FOR FINANCE AUTHORITY
RELATED TO PACIFIC GAS AND ELECTRIC COMPANY'S PENDING
BANKRUPTCY REORGANIZATION**

Summary

This ruling grants the request by Pacific Gas & Electric Company (PG&E) to shorten the time for parties to comment on its October 28, 2003 *Petition for Modification of Decision No. 02-11-030, as Modified by D. 03-09-020, And Request For Order Shortening Time to Respond to Petition* (Second Petition).¹ This is PG&E's second request to modify the authority granted in Decision (D.) 02-11-030. Pursuant to Rule 47(f), responses to the Second Petition are due electronically by 5:00 p.m., on November 12, 2003. Pursuant to Rule 47(g), PG&E's reply will be due electronically by noon, November 14, 2003, and filed with the Commission's Docket Office by close of business. Additionally, parties are asked to waive or stipulate to reduce to 10-days the comment period under Rule 77.7(g) on the proposed decision.

Background

PG&E is currently in Chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of California (Case No. 01-30923 DM.), hereafter "Bankruptcy Court." The Commission opened Order Instituting Investigation (I.) 02-07-015 for the purposes of authorizing and directing PG&E to issue such preferred stock and long-term debt instruments as deemed appropriate to finance only the Commission's proposed Plan of Reorganization (POR). On November 7, 2002, the Commission granted conditional authority for PG&E in D.02-11-030 to issue up to \$9.5 billion of

¹ The Petition as originally served was incorrectly captioned citing D. 03-09-030. This caption has been corrected throughout to D. 03-09-020.

additional preferred stock and long-term debt,² only to implement the California Public Utilities Commission's and the Official Committee of Unsecured Creditors' First Amended Plan of Reorganization proposed by the Commission and the Official Committee of Unsecured Creditors (Amended Plan) as amended, modified or supplemented from time to time. On July 25, 2003, PG&E filed a Petition for Modification of D.02-11-030. On September 4, 2003, in D.03-09-020 the Commission granted authority to enter into interest rate hedges to mitigate costs of financing PG&E's emergence from bankruptcy. That authority for hedging was specifically applicable to any plan of reorganization.

Comments on the Second Petition

PG&E seeks authority in the Second Petition to issue long-term debt and short-term debt, and to establish working capital and other credit facilities, as appropriate to finance the Settlement Plan presently before the Bankruptcy Court in the pending Chapter 11 proceeding. There are three plans before the court not cited in full in the Second Petition: first there is PG&E's original plan,³ second

² Long-term debt is any debt that has a maturity of 12 months or more when issued.

³ Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company Dated April 19, 2002, as Modified by Modifications Dated July 9, 2002, October 18, 2002, December 13, 2002, December 26, 2002, February 21, 2003, and February 24, 2003.

there is the Commission-sponsored Amended Plan,⁴ and third, there is a Settlement Plan.⁵

PG&E proposes that authority should be granted in response to the Second Petition that would extend the authority in D.02-11-030 to include the most recent Settlement Plan, and it would be dependent on both the Commission adopting the proposed Settlement Agreement in I.02-04-026 and the Bankruptcy Court confirming the Settlement Plan. The Settlement Plan in Bankruptcy Court is not the same thing as the Settlement Agreement pending in I.02-04-026. In fact the Commission's adoption of the Settlement Agreement is a condition precedent to the confirmation of the Settlement Plan.

Parties should respond solely to the questions raised in the Second Petition and may not seek to argue for or against either the Commission's adoption of the Settlement Agreement, which is properly addressed in I.02-04-026, or the merits of any other bankruptcy issue properly within the jurisdiction of the Bankruptcy Court. Parties should address whether or not the proposed modification to D.02-11-030 is consistent with the proposed Settlement Agreement as presently before the Commission in I. 02-04-026. Parties should also address the adequacy of "specific wording" proposed by PG&E to carryout the proposed modifications to D.02-11-030.

⁴ California Public Utilities Commission's and Official Committee of Unsecured Creditors' Third Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company, dated December 5, 2002.

⁵ Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Pacific Gas and Electric Company, Dated June 27, 2003 (Settlement Plan).

Reductions in Time

PG&E seeks a Commission decision to the Second Petition concurrent with a Commission decision in I. 02-04-026 and therefore petitions under Rule 47 for a shortened time for parties to comment. PG&E did not petition to waive or reduce the 30-day review period pursuant to Rule 77.7(f)(9). However, Rule 77.7(g) allows all parties to stipulate to reduce or waive the provisions of Rule 77. Accordingly, this Ruling seeks parties' agreement to stipulate in their comments on the Second Petition to waive, or failing to waive, to reduce time to a 10-day comment period on the draft decision. Without committing to a concurrent decision, it is necessary to both shorten the Rule 47(f) 30-day response and either for parties to waive a draft decision comment period under Rule 77.7(g) if the Commission is to have the opportunity to consider a concurrent decision or stipulate to a reduced comment period for a decision to be considered at a subsequent meeting in January 2004.

IT IS RULED that:

1. Pursuant to Rule 47(f), responses to the Second Petition are due electronically by 5:00 p.m., on November 12, 2003.
2. Pursuant to Rule 47(g), Pacific Gas & Electric's reply will be due electronically by noon, November 14, 2003.
3. Responses are limited to only the issues raised in the Second Petition and adequacy of the proposed specific wording of the modifications.
4. Parties shall indicate whether they will waive or stipulate to a reduced 10-day comment period on a proposed decision pursuant to Rule 77.7(g).
5. This Ruling is to be electronically served on the service lists for Investigations 02-07-015 and 02-04-026.

Dated October 30, 2003, at San Francisco, California.

/s/ DOUGLAS LONG

Douglas Long
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Shortening Time to Comment and Other Procedural Rulings on the October 28, 2003 Petition for Modification of Decisions 02-11-030 and 03-09-020 for Finance Authority Related to Pacific Gas and Electric Company's Pending Bankruptcy Reorganization on all parties of record in this proceeding or their attorneys of record.

Dated October 30, 2003, at San Francisco, California.

/s/ ELIZABETH LEWIS
Elizabeth Lewis

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at

I.02-07-015 DUG/hl2

(415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.